

**QLDC Council
29 October 2015****Report for Agenda Item: 5****Department: Finance****Annual Report 2015****Purpose**

The purpose of this report is to adopt the Annual Report for the year ended 30 June 2015.

Recommendation

That Council:

1. **Notes** the contents of this report; and
2. **Adopts** the Annual Report for the year ended 30 June 2015 pursuant to Sections 98 and 99 of the Local Government Act 2002.

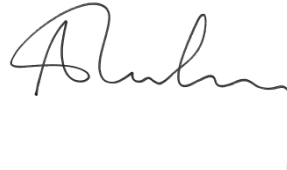
Prepared by:



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14/10/2015

Reviewed and Authorised by:



Adam Feeley
Chief Executive Officer

14/10/2015

Background

- 1 Sections 98 and 99 of the Local Government Act 2002 require Council to prepare its Annual Report for the year ended 30 June 2015 in accordance with the information required by Part 3 of Schedule 10 of the same Act.
- 2 Council is required to adopt its Annual Report by 31 October 2015. The Annual Report was considered at the meeting of the Audit and Risk Committee on 14 October 2015.
- 3 The auditors attended this meeting and briefed the committee on the audit process for the Annual Report 2015. There were no significant matters raised and Council is expecting to receive a clean audit report.
- 4 This Annual Report is produced under the requirements of the Local Government Act 2002 (the Act). The purposes of an annual report as per section 98 (2) are:
 - a. to compare the actual activities and actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the 10 Year Plan and the Annual Plan; and
 - b. to promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.

Comment

Annual Report 2015

- 5 A copy of the Annual Report 2015 has been circulated to all elected members and it is expected that Council's auditors (Deloitte) will have issued an unqualified opinion on the report by the meeting date. This means that in the opinion of the auditors, the financial statements fairly reflect the financial performance and position of the Council for the year ended 30 June 2015.
- 6 It is expected that any changes required to be made to the draft Annual Report as a result of the auditors' final review will be minor in nature. Any significant changes will be reported and explained at the meeting.
- 7 There are several new features for the Annual Report 2015. This is the first Annual Report prepared out of the new corporate software (Technology One). This is a significant milestone and although initially has required more work, this is expected to significantly reduce in future years.
- 8 This Annual Report has a completely revamped format. The corporate team has updated and improved the layout and design of the Statement of Service Performance (SSP). This section now incorporates a much more accessible style with enhanced use of graphics.
- 9 The financial statements for this period also reflect a change in underlying accounting standards with Council now having to report under the Public Benefit

Entity (PBE) Tier 1 Standards. Council has previously reported under NZ IFRS. The main changes are disclosure related and have resulted in additional review and compilation work for Finance staff.

10 The introductory information in Section One provides a summary of the main financial issues and also the major achievements over the period. The key features are:

- Strong Financial Result – operating surplus of \$30.3m (up on budget and last year)
- Revenue up \$4.35m (3.8%)
- Gain on Investment Property valuation \$7.66m
- Annual Plan 15/16 with 1.2% rates increase (following 2 years of zero % increases)
- Borrowing \$33.8m below forecast
- On track with Financial Strategy – compliance with all but one of the internal and external financial limits and benchmarks

Options

11 Option 1 Adopt the Annual Report.

Advantages:

12 This enables the Council to comply with Sections 98 and 99 of the Local Government Act 2002 require Council to prepare its Annual Report

Disadvantages:

13 Council will be acting contrary to the requirements of the Local Government Act 2002.

14 Only one option is considered for this decision as it is a statutory responsibility for the Council to adopt an Annual Report.

Significance and Engagement

15 This matter is of Low significance, as determined by reference to the Council's Significance and Engagement Policy because the Annual Report process is largely a reporting back mechanism. The Annual Report neither contains nor requires any new decisions from Council.

Financial Implications

16 The Annual Report provides the main mechanism for reporting back to the community on the year's financial results and on organisational performance.

Council Policies

The following Council policies, strategies and bylaws were considered:

- 10 Year Plan 2012-22, Annual Plan 2014/15,

17 The recommended option is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions

18 The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

19 The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community.

20 The final Annual Report 2015 will be made widely publically available on the Council web-site.

Attachments

A. Annual Report 2015